

Senate Economic Development Committee
February 21, 2013
Testimony by John Van Fossen, Clark Hill, PLC
(On behalf of the Grand Rapids-Kent County Convention Arena Authority)

SB 123 (Hildenbrand)

Mr. Chairman and Senators, thank you for your willingness to take up SB 123 introduced by Senator David Hildenbrand. My name is John Van Fossen with Clark Hill PLC and I am here on behalf of the Grand Rapids-Kent County Convention Arena Authority as a member of the organizations Operations Committee.

The Grand Rapids-Kent County Convention Arena Authority (CAA) was created in March 2000 by the City of Grand Rapids and Kent County under the Convention Facility Authority Act – Public Act 203 of 1999. The CAA is made up of a seven member board that operates “to encourage economic development within the West Michigan region, create jobs, and provide facilities for entertainment, enjoyment and/or benefit of the citizens in an economic manner by developing and operating convention, entertainment and sports facilities within Kent County.” In particular, the CAA is responsible for overseeing DeVos Place, DeVos Performance Hall and Van Andel Arena.

Van Andel Arena	DeVos Place	DeVos Performance Hall
1996 construction completed	2005 completed	2005 completed
\$77 million / \$21 million private & DDA bonds	\$215 million / \$33.2 m private; \$93.2 m Kent County; \$65 m State; \$10 DDA; \$3 m CAA / \$7.5 m federal grants	Included in DeVos Place \$
12,000 Seating Capacity	1 million square feet / hosts 18,000 guest capacity	2404 seating capacity
Hosted 103 events in 2011		
Billboard Magazine ranked as highest grossing mid-size arena in NA & 6 th worldwide		Home to GR Ballet; GR Symphony; Opera GR and Broadway GR – only theater in MI w/ 4 performing arts groups in one venue

In Fiscal Year 2011 CAA venues

- Hosted over 1.1 million attendees with nearly 540,000 coming from outside Kent County
 - 544,396 Van Andel Arena
 - 399,811 DeVos Place
 - 174,113 Performance Hall
- Tickets purchased from every state in the US with over 10% of tickets purchased outside MI
- Contributed over \$32.7 million in net new spending within Kent County
 - \$24.6 million of outside venue expenditures such as restaurants, hotels, parking
 - \$8.1 million venue operations and capital expenditures
- Total economic impact was \$58.4 million, generating nearly 700 jobs and \$16.6 million in new earnings for households in Kent County.

We believe the CAA has met the goals and intent of the original 1999 legislation – it has had a positive impact on the business climate in downtown Grand Rapids; has helped create a lively downtown atmosphere, contributed to the demand for downtown living, attracting a strong workforce. Now, after 13 years we are asking for some modifications in order to continue and position the future success of the CAA.

Proposed Revisions to PA 203 of 1999 (SB 123 – Hildenbrand)

SB 123 – as original 1999 legislation – applies only to the Grand Rapids Kent County CAA. These changes have no impact on any other convention authority in the State.

• ***Permitted Facilities***

Since 2000 the CAA has successfully completed and managed the Van Andel Arena, DeVos Place and DeVos Performance Hall. Today, several other economic development based facility projects have begun to develop and more are being considered – including a downtown Urban Market, Regional Sports Complex and an outdoor amphitheater. The CAA has been working with all of the relevant stakeholders on these projects and they been approached to consider adding these facilities under their operational overview. Under current law it is unclear whether

or not the CAA has the ability to manage additional facilities/uses beyond “arenas and convention centers” therefore we are proposing to change the definition of permitted uses in order to give the community and developers the option of partnering with the CAA.

The bill simply adds the following uses under Section 3(c)*Sports facilities, market, or other facility* meeting rooms.....

- ***Elimination of mandatory / legislatively imposed term limits of board members***

Currently board members are not permitted to serve if they have been on the board for 12 or more consecutive years and are appointed as follows:

2 Members	Kent County Board of Commissioners Steve Heacock (Spectrum Health) Steve Winn (Amway Grand Hotel)
2 Members	City of Grand Rapids Mayor George Heartwell (City of Grand Rapids) Birgit Klohs (Right Place Inc)
2 Members	Local Convention & Visitors Bureau (Experience Grand Rapids) Lew Chamberlin (West MI Whitecaps) Floyd Wilson (Metro Health)
1 Member	Governor of Michigan Charlie Secchia

The draft bill removes the term limit provision for board members and believes that each appointing body should determine who and how long members should serve. An overwhelming majority of municipally based boards do not have legislatively imposed term limits. By eliminating this requirement the bill relies on each appointing body to decide whether or not their members who are there to represent their interests should or should not continue to serve on the CAA board.

- ***Other Clean Up Provisions – Updating after 14 successful years***

Section 5 (d) – the local visitors and convention bureau (CVB) must submit a list of names to the other 5 members of the CAA, who decide the final selection of their appointment(s). Revisions

to this section clarify the process the CVB would use in order to have a current member reappointed or new member(s) considered.

Section 8(c) – Clarifies the CAA's ability to enter into certain types of contracts and retain services for the proper operation of its facilities

Supporting SB 123

- Kent County
- City of Grand Rapids
- Experience Grand Rapids (Local Visitors and Convention Bureau)
- Grand Action
- Grand Rapids Chamber of Commerce
- Right Place, Inc

What are the costs/revenue to the state?

There is NO costs to the state to implement the proposed amendments